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To: All Rental Housing Tax Credit Recipients **Notice:** MFD-08-14  
From: IHCD Multi Family Department  
Date: August 5, 2008  
**Re: Waiving the Annual Recertification Requirement for 100% Tax Credit Properties**

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Per the changes to the Low-Income Housing Tax Credit program made in the recently passed Housing Stimulus Bill (H.R. 3221), IHCD will no longer require annual recertifications at 100% tax credit properties. Therefore, any recertifications due after the effective date of the bill (July 30, 2008) are waived for these eligible properties.

This change is found in H.R. 3221 Sec. 3010, entitled "Exception to Annual Current Income Determination Requirement Where Determination is Not Relevant." This section states:

- (a) IN GENERAL.- Subparagraph (A) of section 142(d)(3) is amended by adding at the end the following new sentence: "The preceding sentence shall not apply with respect to any project for any year if during such year no residential unit in the project is occupied by a new resident whose income exceeds the applicable income limit."

The above-mentioned Section 142(d)(3) Subparagraph A of the Internal Revenue Code reads:

- (A) In general.- The determination of whether the income of a resident of a unit in a project exceeds the applicable income limit shall be made at least annually on the basis of the current income of the resident.

Two notes of clarification:

1. This change is not retroactive. Only recertifications due after the effective date of July 30, 2008 are waived.



- a. Example: XYZ Apartments is a 100% tax credit development. Tenant A moved into the development on July 1, 2007, and thus was due for an annual recertification by July 1, 2008. However, management made an error and forgot to perform the recertification. On July 30, 2008 the President signed the Housing Stimulus Bill into effect. The new legislation does not put Tenant A's unit into compliance, since his/her recertification was due prior to the effective date of the bill. The unit is out of compliance and the recertification must still be completed as soon as possible.
2. Developments that contain market rate units (i.e. those that are not 100% tax credit) do not qualify under this rule. Thus, a property with even one market rate unit must continue to perform annual recertifications on all tenants in tax credit units.

This is the most immediate tax credit change resulting from the Housing Stimulus Bill, as well as the most significant from the compliance standpoint. However, H.R. 3221 contains numerous other tax credit modernization provisions. Please stay tuned to IHCD's MFD Notices for more updates.

